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May 13, 2015

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Policies Regarding Mobile Spectrum Holdings, WT Docket No. 12-269; Expanding the Economic and Innovation Opportunities of Spectrum through Incentive Auctions, GN Docket No. 12-268.

Dear Secretary Dortch:

I am writing you today to voice my concerns regarding the FCC's upcoming incentive auction. Spectrum is the lifeblood of the wireless industry and is, therefore, essential to the future of the mobile devices and services we rely on daily. Freeing up wireless spectrum with a truly competitive auction will foster new innovations in the wireless market that benefit consumers, advance broadband adoption, and raise money for taxpayers.

It is also critical to meeting consumer demand for mobile data. Consumer demand continues to grow and will no doubt see incredible growth due to the unbridled potential of the Internet. The FCC's upcoming incentive auction will play an important role in addressing consumer demand as it will repurpose broadcast spectrum for wireless use.

The auctioned spectrum should go to the company that values it most through a competitive process by which the highest bidder wins. However, not all companies are on board with this concept. To avoid paying market value for spectrum, three of the biggest players in the industry – T-Mobile, Dish and Sprint – asked the FCC to set aside spectrum that AT&T and Verizon would be restricted from bidding on. The FCC obliged and said up to three licenses per market will be set aside.

T-Mobile, Dish and Sprint don't think the set aside is large enough and have gone back to the FCC and asked for a larger one. This is simply a ploy by two of the companies – which are backed by large, global companies, Deutsche Telekom (T-Mobile) and Softbank (Sprint) – to obtain spectrum at a discounted price. By their own admission, both companies have good spectrum portfolios, are shaking up the industry, and are confident about the future. There is no reason why T-Mobile, Dish and Sprint should get special help from the FCC.

The Chamber supports an unencumbered bidding process. The rules in place already favor T-Mobile, Dish and Sprint. Increasing the set aside more in their favor could create a domino effect that ends in a failed auction. Less bidding competition leads to smaller revenues, and if there isn't enough money to pay the broadcasters to give up their spectrum, less spectrum will ultimately be auctioned and repurposed for wireless use.

As the FCC considers changes to the incentive auction rules, it should not increase the set aside to the benefit of T-Mobile and Sprint. The FCC already made a decision about the set aside, and nothing has changed since then. I encourage you to reject this second attempt at a self-serving and unnecessary plea.

Sincerely,

A handwritten signature in black ink that reads "Mark Kleinschmidt". The signature is stylized with a large, flowing "M" and "K".

Mark A. Kleinschmidt, President